

AMENDED IN SENATE MAY 28, 1999

**SENATE BILL**

**No. 584**

**Introduced by Senator Chesbro**

February 23, 1999

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An act to amend ~~Section 124440~~ of Sections 124715, 124725, and 124735 of, to add Sections 124570, 124571, 124745, and 124746 to, and to repeal and add Sections 124555 and 124710 of, the Health and Safety Code, relating to health care.

LEGISLATIVE COUNSEL'S DIGEST

SB 584, as amended, Chesbro. Primary health care services: ~~medical contracts: underserved groups or rural areas.~~

~~Existing law requires the State Department of Health Services to develop a statewide plan for health services for underserved areas or groups. Existing law authorizes the department to enter into contracts of up to a 3-year duration with certain clinics to provide services to underserved areas or groups.~~

~~This bill would require the department to establish an electronic fund distribution system to ensure that grantees under these contracts receive funds in a timely manner.~~

*Existing law requires the department to contract and cooperate with local government agencies and voluntary nonprofit organizations in connection with the development of local health programs for seasonal agricultural and migratory workers.*

Existing law also requires the department to provide grants or loans for the operation of health services development projects in underserved rural areas.

This bill would enact provisions applicable to both of these programs that would require grants for up to 3 years to be made by the department to eligible, private, nonprofit, community-based primary care clinics for purposes of implementing these programs.

The bill would establish payment procedures and grantee reporting requirements applicable to both programs.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     ~~SECTION 1. Section 124440 of the Health and Safety~~  
2     ~~SECTION 1. Section 124555 of the Health and Safety~~  
3     ~~Code is repealed.~~  
4     ~~124555. The department shall contract and cooperate~~  
5     ~~with local governmental agencies and voluntary~~  
6     ~~nonprofit organizations in connection with the~~  
7     ~~development of local health programs for seasonal~~  
8     ~~agricultural and migratory workers and their families.~~  
9     SEC. 2. Section 124555 is added to the Health and  
10    Safety Code, to read:  
11    124555. The department shall grant funds, for up to  
12    three years per grant, to eligible, private, nonprofit,  
13    community-based primary care clinics for the purpose of  
14    establishing and maintaining a health services program  
15    for seasonal agricultural and migratory workers and their  
16    families. The department shall, in the case of  
17    multiple-year grant awards, annually amend agreements  
18    to reflect changes in budget amount and the scope of  
19    work, and any other changes as necessary.  
20    SEC. 3. Section 124570 is added to the Health and  
21    Safety Code, to read:  
22    124570. (a) Notwithstanding any other provision of  
23    law, the department shall provide to a grantee  
24    semiannual prospective payments during a 12-month  
25    fiscal year. The department shall, within 30 days of the

1 enactment of the annual Budget Act, authorize payment  
2 to grantees of 50 percent of their annual grant award. On  
3 January 1 of the fiscal year, the department shall,  
4 provided it has received a grantee's first quarter progress  
5 report, authorize payment of the remaining 50 percent of  
6 the grantee's grant award for that fiscal year.

7 (b) Any payment authorized in accordance with  
8 subdivision (a) and Section 124571 that is not received  
9 within 30 days of the date of its required authorization  
10 shall be delinquent. The department shall pay a grantee  
11 interest on any delinquent payment at an accrued rate of  
12 0.25 percent per day.

13 SEC. 4. Section 124571 is added to the Health and  
14 Safety Code, to read:

15 124571. Every grantee shall submit quarterly progress  
16 reports and a final expenditure reconciliation report at  
17 the end of each fiscal year. As required by Section 124570,  
18 submission of the first quarterly progress report shall be  
19 a condition of receipt for the remaining 50 percent of a  
20 grantee's grant award for a fiscal year. In the case of a  
21 multiple-year grantee, receipt of grant funds during the  
22 second or third year of a grant shall be contingent upon  
23 receipt of the quarterly progress reports and the final  
24 expenditure reconciliation report for the prior fiscal year.

25 SEC. 5. Section 124710 of the Health and Safety Code  
26 is repealed.

27 ~~124710. Projects may be in the form of grants or loans~~  
28 ~~provided under contract between the department and~~  
29 ~~the contracting nonprofit agency, or may be~~  
30 ~~administered directly by the department.~~

31 SEC. 6. Section 124710 is added to the Health and  
32 Safety Code, to read:

33 124710. The department shall grant funds, for up to  
34 three years per grant, to eligible, private, nonprofit,  
35 community-based primary care clinics for the purpose of  
36 establishing and maintaining rural health services and  
37 development projects as specified under this article. The  
38 department shall, in the case of multiple-year grant  
39 awards, annually amend agreements to reflect changes in

1 *budget amount and the scope of work, and any other*  
2 *changes as necessary.*

3 *SEC. 7. Section 124715 of the Health and Safety Code*  
4 *is amended to read:*

5 124715. The department may assist community  
6 agencies to develop ~~contract~~ grant proposals.

7 *SEC. 8. Section 124725 of the Health and Safety Code*  
8 *is amended to read:*

9 124725. Project funding shall be for ~~one year~~ up to  
10 three years. Continuation of funding for a project shall  
11 depend on progress toward achieving the goals of the  
12 project. The director shall make the final decision to  
13 continue or discontinue a project. In evaluating the  
14 success of a project, the director shall take into account  
15 the number of additional persons who are receiving  
16 quality health care as a result of the operation of the  
17 project and the improvement in health status of the  
18 population served by the project.

19 *SEC. 9. Section 124735 of the Health and Safety Code*  
20 *is amended to read:*

21 124735. Each ~~contract~~ grant for a project shall require  
22 the ~~contracting~~ grantee agency to seek third-party  
23 reimbursements, including Medi-Cal and private  
24 insurance, for any person served under the ~~contract~~  
25 grant. Each ~~contract~~ grant shall require the ~~contracting~~  
26 grantee agency to provide reports to the department on  
27 reimbursements and may require the ~~contracting~~  
28 grantee agencies to contribute all or part of the proceeds  
29 of reimbursements to the department for deposit in the  
30 State Treasury in accordance with regulations to be  
31 adopted by the department after the regulations are  
32 approved by the Director of Finance.

33 *SEC. 10. Section 124745 is added to the Health and*  
34 *Safety Code, to read:*

35 124745. (a) Notwithstanding any other provision of  
36 law, the department shall provide to a grantee  
37 semiannual prospective payments during a 12-month  
38 fiscal year. The department shall, within 30 days of the  
39 enactment of the annual Budget Act, authorize payment  
40 to grantees of 50 percent of their annual grant award. On

1 January 1 of the fiscal year, the department shall,  
2 provided it has received a grantee's first quarter progress  
3 report, authorize payment of the remaining 50 percent of  
4 the grantee's grant award for that fiscal year.

5 (b) Any payment authorized in accordance with  
6 subdivision (a) and Section 124746 that is not received  
7 within 30 days of the date of its required authorization  
8 shall be delinquent. The department shall pay a grantee  
9 interest on any delinquent payment at an accrued rate of  
10 0.25 percent per day.

11 *SEC. 11. Section 124746 is added to the Health and*  
12 *Safety Code, to read:*

13 *124746. Every grantee shall submit quarterly progress*  
14 *reports and a final expenditure reconciliation report at*  
15 *the end of each fiscal year. As required by Section 124745,*  
16 *submission of the first quarterly progress report shall be*  
17 *a condition of receipt for the remaining 50 percent of a*  
18 *grantee's grant award for a fiscal year. In the case of a*  
19 *multiple-year grantee, receipt of grant funds during the*  
20 *second or third year of a grant shall be contingent upon*  
21 *receipt of the quarterly progress reports and the final*  
22 *expenditure reconciliation report for the prior fiscal year.*

23 *Code is amended to read:*

24 ~~124440. (a) The department may enter into~~  
25 ~~agreements with any clinic that is licensed under~~  
26 ~~subdivision (a) of Section 1204 or exempt from licensure~~  
27 ~~under subdivision (c) of Section 1206, and which requests~~  
28 ~~the agreements, for up to three consecutive years.~~

29 ~~(b) The contracts shall be limited to the provision of~~  
30 ~~health services to persons authorized to receive health~~  
31 ~~services under the programs specified in the Primary~~  
32 ~~Care Services Act, as described in subdivision (c) of~~  
33 ~~Section 27.~~

34 ~~(c) The department shall retain the right to terminate~~  
35 ~~contracts under the general provisions of the contract~~  
36 ~~language prior to the three years for failure to comply~~  
37 ~~with the performance terms and conditions set forth in~~  
38 ~~the contracts.~~

39 ~~(d) The multiple-year contracts shall be modified to~~  
40 ~~reflect any cost of living adjustments that are provided to~~

1 the programs specified in this section, provided the  
2 cost of living adjustments are granted pursuant to the  
3 Budget Act. The contracts may also be amended to reflect  
4 changes in the base budget amount, scope of work, and  
5 other contract language changes as necessary. Nothing  
6 shall prohibit the department from establishing a  
7 three-year budget and annually amending the contract to  
8 change the budget amount, scope of work, and other  
9 contract language changes as necessary. Nothing shall  
10 prohibit the contract from being modified based on the  
11 mutual consent of the contractor and the department.  
12 Advance payments in the original contract and in each  
13 one-year extension are permitted, but shall not exceed 25  
14 percent of the funds provided for each fiscal year.

15 (e) On or before January 1, 1990, the department at  
16 any time shall report to the Legislative Analyst as to the  
17 personnel-year and General Fund savings that have been  
18 associated with this authority.

19 (f) The department shall establish an electronic fund  
20 distribution system to ensure that grantees under this  
21 section receive funds in a timely manner. The electronic  
22 fund transfer system shall provide to grantees one-twelfth  
23 of their annual awards on the first of each month.

